GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:704
ANSWERED ON:27.02.2015
DIVIDENDS FROM PSUS
Reddy Shri J.C. Divakar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has issued any instruction to public sector undertakings (PSUs) for higher dividend; and

(b) If so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) and (b): Instructions exist for payment of dividends by PSUs. In terms of extant instructions all profit-making Public Sector Enterprises(PSEs), which are essentially commercial enterprises, subject to specific guidelines issued from time to time, will declare a minimum dividend on equity of 20 percent or a minimum dividend payout of 20% of post-tax profits (PAT), whichever is higher, subject to availability of disposable profits. In respect of Oil, Petroleum, Chemical and other infrastructure sectors this amount would be 30%. Besides, profit making companies with large cash surpluses and without firm plans for reinvestment shall declare special dividends. Accordingly, these instructions were also circulated to all Ministries/Departments as part of Budget Circular 2014-15.